

## Federal Transportation Funding Highway Program



Transportation, Infrastructure, and Capitals  
Appropriations Subcommittee

January 24, 2006

---

---

---

---

---

---

---

## Federal-aid Highway Program



- Items to be covered:
  - Highway Trust Fund
  - Multi-year Authorization Act
  - Annual Appropriations Act
  - Apportionments ("planning" money)
  - Obligation Limitation ("spending" money)
  - Earmarks

---

---

---

---

---

---

---

## Highway Trust Fund



- Trust Fund allows for multi-year funding
- Highway Account and Mass Transit Account
- 91 percent of receipts from federal motor fuel tax
- All user fees are now credited to the HTF, including taxes on gasohol
- Concern with receipts keeping up with apportionments

---

---

---

---

---

---

---



### Step 1 Multi-Year Authorization Act

- Establishes transportation policy direction, creates, continues and funds programs
- Provides multi-year contract authority also known as apportionments or allocations
- Provides an estimate of the annual obligation authority or "spending money" that will be available each year

---

---

---

---

---

---

---



### Step 2 Annual Appropriations Act

- Review policy and program issues
- Revises program apportionments based on updated formula factors
- Establishes actual annual obligation limitation that can be used for the

---

---

---

---

---

---

---



### "Planning money" Apportionments

- Contract authority provided for specific "formula or discretionary" programs, including the following "core" programs:
  - Interstate Maintenance,
  - National Highway System,
  - Surface Transportation Program,
  - Bridge,
  - Metro Planning,
  - Congestion Mitigation and Air Quality
  - Highway Safety Improvement Program,

---

---

---

---

---

---

---

"Planning money"  
**Apportionments**

- Other key programs for Iowa include:
  - Recreational Trails
  - Safe Routes to Schools
  - Railroad Grade Crossing
  - High Priority Projects Program (earmarks)
- Equity Bonus
  - Ensures a minimum return for each state, so it is dependent on the amount of funding received for the other programs

---

---

---

---

---

---

---

"Planning money"  
**Apportionments**

- Can rely on the apportionments to change
- Using FY 2006 for example:
  - As passed \$395.5 m
  - Initial apportionment \$394.8 m
  - After appropriations \$388.9 m
  - With 1% across the board \$385.0 m (estimated)

---

---

---

---

---

---

---

"Spending money"  
**Obligation Limitation**

- Adjusted each year based on HTF receipts and "other federal budget considerations"
- Restricts the amount that can be committed to projects or "spent"
- Essentially all of the federal-aid highway programs are affected by obligation limitation
  - All formula programs, FHWA administration, research, safety programs, discretionary accounts, earmarks, etc

---

---


---

---

---

---

---



## Apportionments vs. Obligation Limitation

- | Formula                 | FY 2005 (Prelim) |
|-------------------------|------------------|
| ■ Apportionments        | \$385.6 million  |
| ■ Obligation Limitation | 327.9 million    |
- FY 2005 – 85.5 %
  - Est. FY 2006 – 85.4 %
  - TEA-21 average – 91.1%

---

---

---


---

---

---

---

---



## Apportionments and Obligation Limitation

- Highway apportionments and obligation limitation is shared with local jurisdictions through the Metropolitan Planning Organizations and the Regional Planning Affiliations

---

---

---

---

---

---

---

---



## Earmarks

- Congressionally designated and funded projects are included in both the multi-year authorization act and annual appropriations
- Highways, Bridge, Recreational Trails, Scenic Byways, Historic Resource and University Research
- Funds are available until expended
- Can reduce funding available for formula programs

---

---

---

---

---

---

---

---



## Earmarks

- Authorization Earmarks
  - Funding provided over life of Act
  - Requires a state/local match
- Appropriations Earmarks
  - Funding provided in one year
  - Match requirements included in Act

---

---

---

---

---

---

---



## SAFETEA-LU Earmarks

- Iowa - 150 earmarks and \$453 million over five years
- Highway projects on the state system – 58 earmarks for 28 projects and \$262 million
  - \$177 million is included in current 5-year Program
  - \$85 million not in the current 5-year Program
    - Includes \$60 million is for "local initiated projects" on the state system
- Total cost to complete the SAFETEA-LU highway earmarks on the state system - \$1.9 Billion

---

---

---

---

---

---

---



## Questions?

---

---

---

---

---

---

---